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**FISCAL IMPACT STATEMENT**

**LS 7597**

**BILL NUMBER:** HB 1426

**NOTE PREPARED:** Feb 9, 2007

**BILL AMENDED:** Feb 8, 2007

**SUBJECT:** Economic Incentives Accountability.

**FIRST AUTHOR:** Rep. Austin

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill requires the Indiana Economic Development Corporation to report semiannually on certain tax credits, loans, and grants provided by the state and on the level of compliance by recipients with representations made to obtain the benefits.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) *Summary:* The bill requires the Indiana Economic Development Corporation to publish a semiannual economic incentives and compliance report in 2007, 2008 and 2009; and an annual economic incentives and compliance report beginning August 1 2010. The IEDC's current level of resources should be sufficient to fulfill these administrative tasks. The February 5, 2007, state position vacancy report indicates that the IEDC has 32 vacant full-time positions.

*Background Information:* The bill requires the economic incentives and compliance report to be published each year on February 1<sup>st</sup> (covering the preceding July to December period) and August 1<sup>st</sup> (covering the preceding January to June period) through 2009. Beginning in 2010, an annual report is required instead of the semiannual reports. The annual report must be published before August 1<sup>st</sup> (covering the preceding July to June period). The report pertains to grants given by the state; loans (forgivable or not) and loan guarantees made by the state; and the following state tax credits:

- (1) Enterprise Zone Loan Interest Credit
- (2) EDGE Credit
- (3) Capital Investment Tax Credit
- (4) Hoosier Business Investment Tax Credit

- (5) Blended Biodiesel Tax Credits
- (6) Ethanol Production Tax Credit
- (7) Headquarters Relocation Credit.

The bill requires the economic incentive and compliance report to be submitted to the Governor and the Legislative Council, and published on the IEDC's Internet web site. The report must include at least the following:

- (1) The total amount of tax credits applied in the state, loans made in the state, and grants given in the state.
- (2) The name and address of the recipients of the tax credits, loans, or grants reported for the 6-month period.
- (3) The amount of the tax credits, loans, or grants reported for the 6-month period.
- (4) The purpose of the tax credits, loans, or grants for the 6-month period.
- (5) Representations of the recipient when applying for the tax credits, loans, or grants as to the number of new, retained, or trained employees, employee compensation, and other employee benefits.
- (6) The extent to which the recipient has complied with the representations described in (5).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Economic Development Corporation.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.